

FISCAL NOTE

SB 3296 - HB 3450

March 6, 2006

SUMMARY OF BILL: Defines the term public use, as it applies to the power of eminent domain, to stipulate that if private property is taken through the use of such power, it may not be for the purpose of private economic development and private commercial enterprise including increased tax revenue and increased employment except in specific situations outlined in the bill. The bill specifically denies the right to use the power of eminent domain under the definition of a blighted area on land predominantly used for agriculture. Local governments would be authorized to use the power of eminent domain for the development of industrial parks within their jurisdictional boundaries or within urban growth or planned growth areas. To do so, the local government must obtain a certificate of public purpose and necessity. Such certificate would be based upon a finding that the city or county has been unable to acquire the property through negotiations or use of an alternative property of comparable suitability. The transfer of property acquired through eminent domain and transferred to another public or quasi-public entity or private individuals or corporations would be authorized if the transferring agency receives fair market value. The bill also removes the authority to use the power of eminent domain from a number of public entities including watershed districts, inclined railroads, and public ferries.

ESTIMATED FISCAL IMPACT:

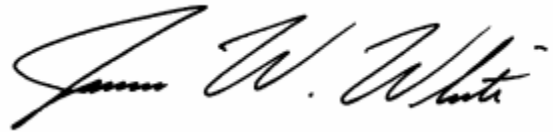
Other Fiscal Impact – Changes in property tax collections could occur as a result of this bill. Currently, if an entity acquires property through the power of eminent domain, there may be a change in tax status as the property changes from a taxable parcel to a tax exempt parcel. If the taken parcel is subsequently leased to a private entity, in-lieu-of-tax payments may be negotiated with the private entity. The amount of such payments can vary according to individually negotiated circumstances and may differ from the amount of tax collected prior to the government taking. Under this bill, such transactions would no longer take place. The property tax revenue impact cannot reasonably be quantified due to the unique circumstances of each taking.

Assumptions:

- Industrial development boards and developmental housing authorities are authorized to use the power of eminent domain to take property. To date, staff has been unable to find any instance of industrial development boards utilizing this power.
- The use of the power of eminent domain for traditional purposes such as the construction of roads would be a permissible public use, rather than promotion of economic development, and would therefore continue.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director